



ARIZONA STATE RETIREMENT SYSTEM

3300 NORTH CENTRAL AVENUE • PO Box 33910 • PHOENIX, AZ 85067-3910 • PHONE (602) 240-2000
7660 EAST BROADWAY BOULEVARD • SUITE 108 • TUCSON, AZ 85710-3776 • PHONE (520) 239-3100
TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
EMAIL ADDRESS: ASKMAC@AZASRS.GOV • WEB ADDRESS: WWW.AZASRS.GOV

Paul Matson
Director

MINUTES OF A PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM OPERATIONS COMMITTEE

HELD ON
Thursday, September 27, 2012
10:30 a.m., Arizona Time

The Operations Committee (OC) of the Arizona State Retirement System (ASRS) met in public session in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Jeff Tyne, Chair, called the meeting to order at 10:30 a.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Jeff Tyne, Chair
Mr. Brian McNeil

Absent: Mr. Mike Smarik, Vice-Chair

A quorum of the Committee was present for the purpose of conducting business.

2. Approval of the July 18, 2012 Minutes of the OC Meeting

Motion: Mr. Brian McNeil moved the Committee accept the minutes from the July 18, 2012 OC meeting. Mr. Jeff Tyne seconded the motion.

By a vote of 2 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

3. Presentation, Discussion and Appropriate Action Regarding an Enterprise Risk Assessment Update

Mr. Anthony Guarino, Deputy Director and Chief Operations Officer, addressed the Committee regarding an update to the Enterprise Risk Assessment. Mr. Guarino gave a brief introduction and then discussed the various definitions, methodologies, and risk events contained in the assessment including the controls and impacts of a risk event. Ms. Lisa King, Management Analyst, and Mr. Kent Smith, Assistant Director, Technology Services Division, presented a walk-thru and description of the assessment regarding the Continuity of Operations Plan to show the risk and controls. Committee members asked that additional information be added to the assessment regarding controls and reactions to risk events.

4. Presentation, Discussion and Appropriate Action Regarding the Retiree Health Insurance Contract Renewal

Mr. Patrick Klein, Assistant Director, External Affairs Division, addressed the Committee regarding the contract renewal for the ASRS retiree health insurance program. Mr. Klein gave a brief background on the contract and noted the next Open Enrollment for retirees would begin on October 22, 2012. Mr. Edward Rapoport, ASRS Benefits Administrator, discussed the negotiations the ASRS had with UnitedHealthcare regarding premiums and various refunds the ASRS would be receiving or have received due to federal legislation and contract provisions. Mr. Klein then briefly discussed the comparisons between the ASRS and Arizona Department of Administration retiree health care programs.

5. Presentation, Discussion and Appropriate Action Regarding a Web Steering Committee (WSC) Update

Mr. Guarino gave a brief introduction to the topic and then introduced Mr. Dave King, Assistant Director, Member Services Division, who addressed the Committee regarding an update on the ASRS website including demographics on the use of the website and various trends in website usage. Ms. Pam Voza, Public Information Officer, addressed the Committee regarding the use of mass email, distribution of electronic newsletters, and future plans for the use of social media. Mr. David Cannella, ASRS Communications Manager, discussed the website redesign. Mr. Trent Kendall, Project Manager, gave a brief overview of the Content Management System. Ms. Sara Orozco, Manager, Strategic Planning and Analysis, addressed the Committee regarding submitting ending payroll verifications online, online retirement, and uses for social media.

6. Presentation, Discussion and Appropriate Action Regarding ASRS' Management Response to the External Security Audit Recommendations

Motion: Mr. Brian McNeil moved the Committee adjourn into Executive Session. Mr. Tyne seconded the motion.

By a vote of 2 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was passed.

The Committee adjourned into Executive Session at 12:27 p.m.

7. Presentation, Discussion and Appropriate Action Regarding the ASRS Internal Audit Division Review of the External Security Audit and Management's Response

The Committee reconvened into Regular Session at 12:42 p.m.

8. Review of Recently Conducted Audits

- **Central Arizona College**

Mr. Glick presented the Committee with the audit of Central Arizona College (College). There were two findings: 1) the College did not remit ASRS contributions for four employees who

worked at least 20 hours per week for at least 20 weeks in one or more fiscal years, and 2) the College did not request a refund for remitted contributions on 11 ineligible members. The amount due the College is \$5,909.

9. Presentation, Discussion and Appropriate Action Regarding the Internal Audit Quarterly Update

Mr. Glick presented a spreadsheet containing the summary of internal audits through the period ending June 2012, which was the end of the fiscal year as well as the end of the first year of the Biennial Audit Plan. The spreadsheet listed the audits, the hours budgeted, and estimates of how many hours were used to perform the audits. Mr. Glick noted that although some items were not completed on time due to staff issues, he expected the Biennial Audit Plan would be completed in its entirety and on time.

10. Request for Future Agenda Items

Mr. McNeil asked for future discussions on:

1. The concept of different deductible levels in retiree health insurance.
2. Health improvement strategies including wellness in the retiree health insurance program.
3. Why or why not the ASRS and ADOA should have a combined retiree health insurance program.

11. Call to the Public

No members of the public addressed the Committee.

12. Adjournment of the OC

Citing no objection, Mr. Tyne adjourned the meeting at 12:48 p.m.

Respectfully Submitted by,

Zachary Kucera
Committee Secretary

Date

Anthony Guarino
Deputy Director and Chief Operations Officer

Date